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UNCLAS YEREVAN 000366

SIPDIS

SENSITIVE

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [AM](#)

SUBJECT: CRACKS IN THE COALITION: DASHNAKS ATTACK THE GOAM IN AN ANTI-CORRUPTION FRENZY

1. (U) Sensitive but Unclassified. Protect Accordingly.

SUMMARY

2. (SBU) Armenia's governing coalition, an alliance of the Republican Party, Armenian Revolutionary Federation (ARF, or Dashnaks), and Orinats Yerkir (Country of Law), that holds the majority of seats in the National Assembly (NA), has shown signs of cracking on the anti-corruption issue. During a January 19 Council of Europe (COE) seminar, Vahan Hovhannissian, a prominent ARF figure and the Deputy Chairman of the NA, harshly criticized the GOAM, the NA, Court and Judicial systems and all government agencies for engaging in corruption. February 6, during the ARF World Congress, the ARF again took the current government to task for its record on corruption, sending a clear message to the public that the ARF is the only partner in the coalition who really fights against corruption. Some observers see the possible implementation of the Anti-Corruption Plan by the GOAM as a viability test for the coalition. End Summary.

COALITION GOVERNMENT: ONE POWER, DIFFERENT IDEOLOGIES

3. (SBU) The coalition of the three leading political parties is not so much an alliance of ideologies, but rather a marriage of convenience of parties supporting President Kocharian. Within this alliance the parties often push issues that are high on their own party agendas, even though some of them contradict the priorities of other coalition members. For example, during the fall 2003 session of the NA, the Orinats Yerkir party put the issue of making whole Soviet era bank deposits on the NA's agenda. Although a coalition partner raised the issue, Prime Minister Margarian and his Republican Party expressly acted against it, while the ARF lambasted the Orinats Yerkir party as a "party full of populist ideas."

4. (SBU) Intense jockeying over assigning Ministerial, Deputy Ministerial and other high-ranking positions exposed other weaknesses in the coalition. The Dashnaks (ARF) and Orinats Yerkir ended up with three Ministerial portfolios each (out of a total of 16). (Note: According to some experts, we should be looking for additional new appointments as the fourth pro-Kocharian party in the NA, the Unified Labor Party and the "Peoples Deputy" fraction join the Coalition. End Note.)

COMMENT: THE COALITION'S ANTI-CORRUPTION CHALLENGE

5. (SBU) The fight against corruption, in our view, has the potential to become a major challenge for the coalition government. The Dashnaks are likely to take a leading role in this debate to convince their electorate that they are being consistent with their pre-election promises. During the World Congress held in Yerevan on February 6, the leaders of the party consistently blamed GOAM officials for using their offices to accumulate wealth and for engaging in commercial activities. By contrast, the Republican Party, the senior party in the coalition, is trying to demonstrate their democratic credentials to the Council of Europe by pushing forward the GOAM's anti-corruption strategy. Many Western observers, however, view the strategy as flawed and are not yet convinced the GOAM intends to tackle corruption head-on.

6. (SBU) Nevertheless, the word in political circles in Yerevan is that it is the Republican Party that would be most affected should the GOAM seriously take on corruption, while Orinats Yerkir might set itself up

almost as an "outside observer" on the issue. Either way, the anti-corruption issue has the potential to become a test for the Coalition's viability.

ORDWAY